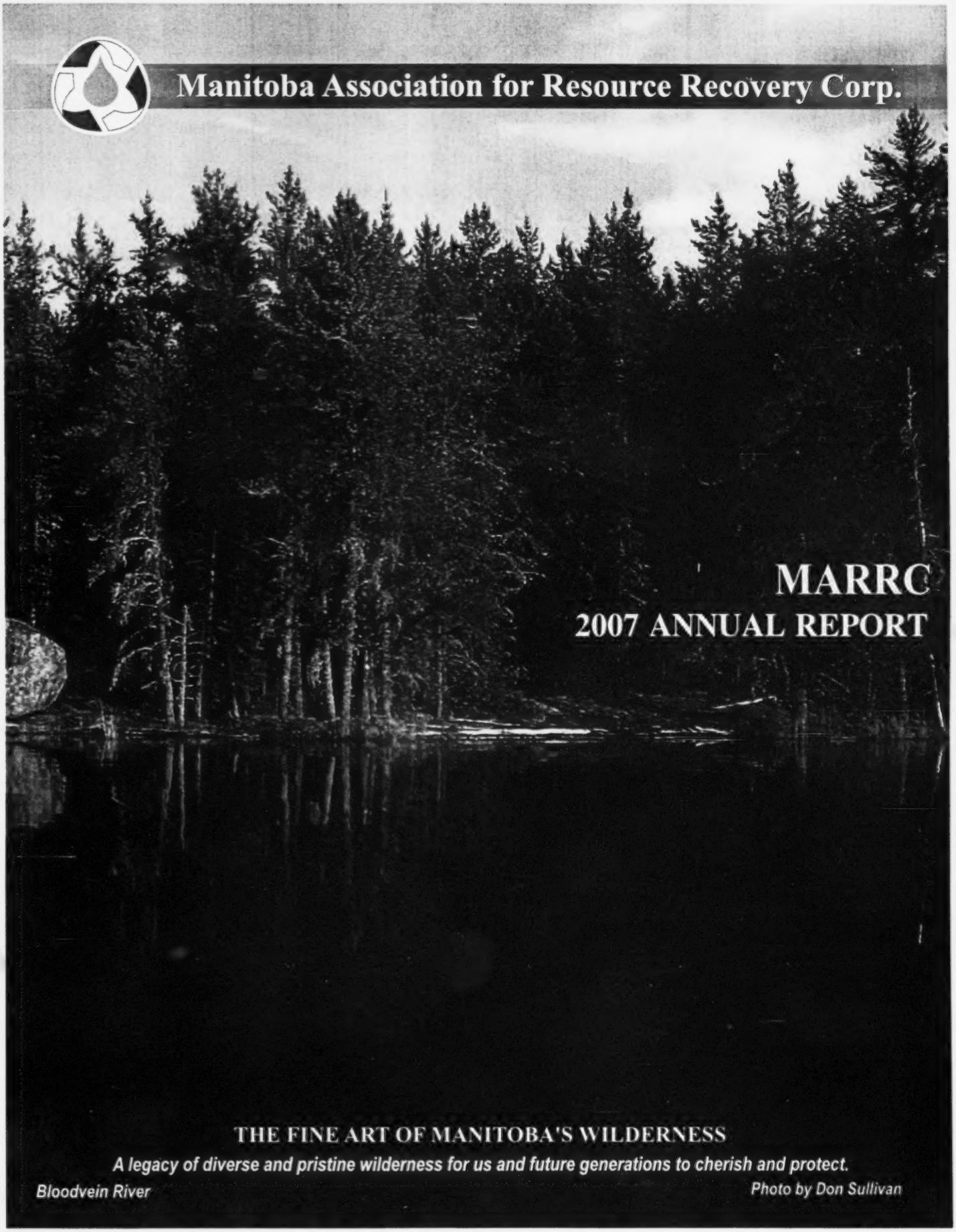

Manitoba Association for Resource Recovery Corp.

MARRC
2007 ANNUAL REPORT

THE FINE ART OF MANITOBA'S WILDERNESS

A legacy of diverse and pristine wilderness for us and future generations to cherish and protect.

Bloodvein River *Photo by Don Sullivan*

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Annual General Meeting

Tuesday, April 29, 2008
10:00 am

Hilton Suites Winnipeg Airport
1800 Wellington Avenue
Winnipeg, Manitoba
R3H 1B2

Overview of MARRC

The Manitoba Association for Resource Recovery Corp. (MARRC) is a non-profit corporation established in 1997 by manufacturers and marketers of lubricating products in Manitoba. Its mandate is to develop, implement and administer a cost-effective, sustainable, user-financed, province-wide stewardship program for used oil, used oil filters and used oil containers.

MARRC was incorporated under The Corporations Act of Manitoba on April 1, 1997. It operates in accordance with a Letter of Approval issued by Manitoba Environment on February 26, 1998 under Section 7 of the "Used Oil, Oil Filters and Containers Stewardship Regulation" of the Waste Reduction and Prevention Act.

MARRC received a letter of approval dated December 21, 2007 from the Minister of Conservation extending the Stewardship Plan term for an additional five years to December 14, 2012.

The Corporation derives revenue principally in the form of Environmental Handling Charges (EHCs) applied to the sale or consumption of selected lubricating products in Manitoba. The Corporation's primary expenses are related to the:

- establishment and operation of a publicly-accessible network of licensed collection facilities for used lubricating products,
- payment of Return Incentives to companies licensed by the province and registered with MARRC to collect used lubricating products and transfer them to approved processors and end-users,
- payment of Processing Incentives to companies licensed by the province and registered with MARRC to recycle used lubricating products, and
- development and distribution of public education materials.

MARRC's affairs are managed by a six-person Board of Directors drawn from the member companies of MARRC and from other stakeholder organizations.

MINISTER OF CONSERVATION

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

Mr. Ron Benson
Executive Director
Manitoba Association for
Resource Recovery Corp.
35 – 1313 Border Street
Winnipeg MB R3H 0X4

DEC 2 1 2007

Dear Mr. Benson:

I am pleased to issue an Approval to the Manitoba Association for Resource Recovery Corp. (MARRC), for a used oil products and material stewardship program. Pursuant to 7(4) of the *Used Oil, Oil Filters and Containers Stewardship Regulation* of *The Waste Reduction and Prevention Act*, this approval expires on December 14, 2012.

This approval is issued under Section 6 of the *Used Oil, Oil Filters and Containers Stewardship Regulation* of *The Waste Reduction and Prevention Act* and is subject to MARRC meeting the following conditions:

1. That MARRC implement the Used Lubricating Products Stewardship Program substantially in accordance with its original Application for Approval dated July 11, 1997 as amended by its submission dated December 1997 and the Applications for Renewal dated June 2002 and August 2007 (the Stewardship Program Plan);

2. That MARRC provide my officials with regular updates as to the progress of MARRC's implementation of the Stewardship Program Plan;

3. That MARRC shall cooperate with my officials and provide such assistance as they may deem necessary so that my officials are able to prepare and provide me with a report no later than June 17, 2011, assessing whether MARRC has implemented the Stewardship Program Plan substantially in accordance with its intent and in accordance with the conditions of this approval for the period up to December 31, 2010;

4. That MARRC submit an application for renewal of this approval by no later than August 31, 2012, to ensure adequate time for public review;

5. That MARRC shall advise my officials about any proposed changes to the details of the plan, prior to making any changes to the Stewardship Program Plan so that my officials may consider whether the proposed changes are inconsistent with the conditions of this approval and in particular whether the proposed changes may impact on the continued effectiveness of the Stewardship Program Plan;

6. That retained earnings shown on the financial statements of MARRC (total revenues less total expenditures), as determined by an external auditor, do not at any time during the term of this approval exceed $3,000,000;

7. That MARRC work with my officials to improve performance in the recovery of containers and maintaining and expanding the collection infrastructure;

8. That where I am not satisfied that MARRC is implementing the plan substantially in accordance with its intent, or where I have concluded, based on such other factors as I or my officials have determined to be relevant in the circumstances, that the plan or these terms of this approval should be amended, then amended conditions may be imposed as deemed appropriate.

Yours sincerely,

Stan Struthers

Stan Struthers
Minister

MARRC – Making every drop count

Members of MARRC

49 North Forwarding Ltd.
AGCO Corporation
AMSOIL Inc.
ATP-Inc.
AUTO-CAMPING Ltd.
Acklands-Grainger Inc.
Advic Bearing and Auto Ltd.
Affinia Canada Corporation
Air BP Canada Ltd.
Airparts Network Ltd
Altrom Canada Corp.
American Agip Company Inc.
Applied Industrial Technologies Ltd.
ArvinMeritor Inc.
Auto Trans Inc.
BMW Canada Inc.
BOSS Lubricants
Barrett Marketing Group Ltd.
Baldwin Filters Inc.
Beck/Arnley
BestBuy Distributors Ltd.
Bombardier Recreational Products Inc.
Bosch Rexroth Canada Corp.
Brenntag Canada Inc.
Buhler Versatile Inc.
CNH Canada Ltd.
CORE-MARK International Inc.
CPT Canada Power Technology Limited
CanAgro Exports Inc.
Canadian Pacific Railway
Canada Safeway Limited
Canadian Tire Corporation, Limited
Canwell, Hardware Division
Castrol Canada Limited
Castrol Industrial North America Inc.
Champion Laboratories, Inc.
Chevron Global Lubricants
Chrysler Canada Inc.
Churchill Marine Tank Farm Co.
Cleanair Filter Service
Comairco Ltd.
Complete Lube Supply Ltd.
Coneco Equipment - Div of KCL West Holdings Inc.
Costco Wholesale Canada Ltd.
Cummins Western Canada
Donaldson Company, Inc.
FL Viscosity Oil Company
Federated Co-operatives Limited
Ford Motor Company of Canada Ltd.
Fort Garry Industries Ltd.
Fred Deeley Imports Ltd
Freightliner LLC
Fuchs Lubricants Canada Ltd.
G.K. Industries Ltd.
Gates Canada Inc.
General Motors of Canada Ltd
Hastings Filters
Henkel Canada Corporation
Home Hardware Stores Limited
Honda Canada Inc.
Honeywell Automotive Products
Husky Energy Inc.
Husqvarna Canada Corp.
Hyundai Auto Canada Corp.
Imperial Oil
Industrial Truck Service Ltd.
International Truck & Engine Corporation Canada
Irving Oil Marketing Limited
JKL Enterprises Inc.
Jaguar Land Rover Canada
Jimmy Diesel Parts Co.
John Deere Limited
Kia Canada Inc.
Kinecor Inc.
King-O-Matic Industries Limited
Kleen-Flo Tumbler Industries Limited
Kubota Canada Ltd.
Lemky Rural Repair
Lubricon Industries Canada Limited
Magnum Oil Mb. Ltd.
Manitoba Hydro
Maxim Transportation Services Inc.
Mazda Canada Inc.
Mercedes-Benz Canada Inc.
Midas Canada Inc.
Mid-Canada Filtration Solutions
Midwest Hydraulics Inc.
Mining Technologies International Inc.
Mr. Lube Canada Inc.
Mitsubishi Fuso Truck of America Inc.
Modern Sales Co-op
Mohawk Lubricants Ltd.
Motion Industries (Canada) Inc.
Motor Coach Industries Limited
NemCo Resources Ltd.
New Flyer Industries Ltd.
Newalta Corporation
Nissan Canada Inc.
Northern Industrial & Auto Ltd.
Nynas Canada Inc.
Oak Point Auto Distributors
Oil Depot Limited
Oil Mart Ltd.
Outboard Rebore/Alline Supply Inc.
PACCAR Parts, A Division of Paccar of Canada, Ltd
PSC-Power Source Canada Ltd.
Parker Hannifin Canada
Parts Canada
Pauwels Canada Inc.
Pennzoil-Quaker State Canada Inc.
Petro-Canada Lubricants
Porsche Cars North America Inc.
Precambrian Wholesale Limited
Prévost Car Inc.
Radiator Specialty Company of Canada Ltd.
Robert Bosch Inc.
Safety-Kleen Canada Inc.
Sears Canada Inc.
7-11 Canada
Shell Canada Products
Southwestern Petroleum Canada Ltd.
Subaru Canada Inc.
Suzuki Canada Inc.
Tex Lubricants
Texas Refinery Corp. of Canada Limited
The North West Company Inc.
Toromont Industries Ltd.
Toyota Canada Inc.
TruServ Canada Inc.
UAP Inc.
USI - AGI Prairie Inc.
Valvoline Canada Ltd.
Volkswagen Canada Inc.
Volvo Cars of Canada Corp.
Volvo Group Canada Inc.
Wainbee Ltd.
Wajax Industries
Wakefield Canada Inc.
Wallace & Carey Inc.
Wal-Mart Canada Corp.
Waterous Power Systems
Westcon Equipment & Rentals Ltd.
Western Turbo & Fuel Injection Ltd.
Westfair Foods Ltd.
Westfalia Surge Canada Co.
Worldpac Canada Inc.
Yamaha Motor Canada Ltd.
Yetman's Ltd.
Zellers / Hudson's Bay Co.

Highlights of 2007

Initiatives drive awareness and support

Colouring Promotion

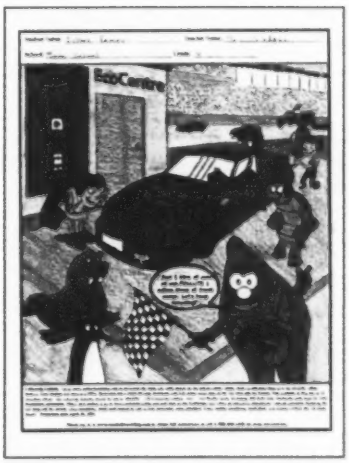
Jan. 15 to Apr. 30 MARRC develops locally its third Colouring Promotion for school grades K-6 throughout Manitoba. The Department of Education assists by distributing the "Attention Teachers" poster to all K-6 schools in Manitoba. A sample of the colouring poster is shown below. MARRC is very proud of the results. 6,584 students from 121 rural and 83 city schools participate. Students are also encouraged to participate in the EcoSchool animation on the website. They are rewarded with a bookmark, a Mr. Oil Drop scarf and a Used Oil Recycling notebook. Ten mountain bikes courtesy of Canadian Tire, are awarded from a draw and presented by Manitoba Conservation Minister, Stan Struthers, at the Canadian Tire store on Regent Ave. in June 2007.

"Did you remember to recycle your used oil?"
"Of course!"
27
Go to EcoSchool at
You're always a winner when you recycle used oil!
USED OIL RECYCLING

Front

Back

Bookmarks



One of 6,584 Submissions (Colouring by Students)

Teacher's Poster

Highlights of 2007

Coverage in Winnipeg Free Press and posted on MARRC website

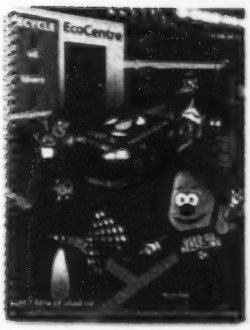
Used Oil Recycling Colouring Contest Continues To Take Off!

6,584 students entered the colouring contest from a total of 204 schools throughout Manitoba (121 rural & 83 in Winnipeg), compared to 5,678 who participated last year! All students who participated received free bookmarks, scarves and notebooks.

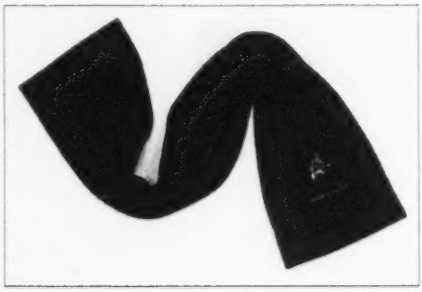
The 10 grand prize winners won mountain bikes courtesy of **Canadian Tire**. They were presented on June 5, 2007, by the Minister of Conservation Stan Struthers, Joe Casciano of Canadian Tire and Ron Benson of the Manitoba Association for Resource Recovery Corp. (MARRC).

The 8 winners in attendance were (from left to right):

Miranda Lohvinenko – Donwood School, Kassidy Kalyniak – Elkhorn School, Randi Frost-Hunt – R.W. Bobby Bend School in Stonewall, Eric Rosati – River Elm School, Liam Shaw – Yellowquill School in Portage la Prairie, Geneva Gudmundson – Ecole St. Germain, Juliana Oster – St. John Brebeuf, Sarah Yetman – Linwood School. 2 Other winners (not in attendance) Olivia Thorleifson – Manitou School, Gabriela Medina – Souris School.



Notebooks



Scarves

Promotional items awarded to all participants

Highlights of 2007

EcoSummer Ballot Promotion

Flyer & Poster for Winnipeg & Rural Communities

June to Sept. 15 MARRC develops locally an EcoSummer Ballot Promotion with a "specific call to action".

Recycle and you could WIN! Win great prizes like these just for dropping off your used oil containers!

MARRC secures thousands of dollars in prizes from its partners for a clean environment. (See flyer/poster below).

MARRC distributes the EcoSummer flyer/poster to depot network.

100% of MARRC's network of 75 licensed Collection Depots participate in the promotion.

Over 2,700 Ballots are deposited in response to the receipt of used oil, filters and containers (1 per customer only).

Contest closes September 15, 2007
Recycle and you could WIN!
WIN great prizes like these just for dropping off your used oil containers!
1ST PRIZE Large ATV
2ND PRIZE Win Airfare for two to England/Gatwick
3RD PRIZE Small ATV
4TH PRIZE Electric Bike
5TH PRIZE Dirt Bike
6TH PRIZE 1 BBQ
Plus 4 shopping sprees of $500 at Canadian Tire!
Plus many more prizes to be won.
Winnipeg Free Press
Recycle your used oil, filters and oil containers at any one of the 76 Licensed Used Oil Depots in Manitoba
Name
Address
City/Town
Postal Code
Phone
One Entry Per Person
For more info call 1-888-410-1440 www.usedoilrecycling.com
Delivered a used oil container.

Highlights of 2007

Winners are announced with coverage in the Winnipeg Free Press and rural newspapers

Used Oil Recyclers Receive BIG Prizes!

The Used Oil Recyling Program in Manitoba presented its grand prize winners of the EcoSummer Promotion to the attending lucky winning individuals at the Canadian Tire Store on Regent Avenue on Tuesday, October 9. Please see www.usedoilrecycling.com <http://www.usedoilrecycling.com> for a complete list of all of the winners of the Promotion. Used oil recycling has never been easier in Manitoba now with over 75 licensed locations for people to bring in their used oil, filter and container products. Please call 1-888-410-1440 for more information on used oil recycling.

Winners in attendance were:

1. $500 Shopping Spree:
   Daniel Einarson, Riverton
2. Small ATV:
   Elaine Muzyka, Riverton
3. Quaker State Jacket:
   Jean Marc Lacass, Fannystell
4. $500 Shopping Spree:
   Ben Bruinooge, Winnipeg
5. Large ATV:
   Grant Maguire, Souris
6. $500 Shopping Spree:
   Gord Haacke, Winnipeg
7. Dremmel Rotary Saw & Drill Bits:
   Ken Simmons, Rossburn
8. 3 in 1 Decorator Tool:
   Renata - Blahey-Hasey, Winnipeg
9. $500 Shopping Spree:
   Donna Bencharske, Winnipeg
10. Dirt Bike:
    Hugh M Jamesine, Brandon

Pictured here is the grand prize winner of the large ATV, Grant Maguire of Souris. Also included is Joe Casciano of Canadian Tire. Laurie Streich, Director of Pollution and Prevention for Manitoba Conservation, Ron Benson, Executive Director of the Used Oil Recycling Pragram and Mr. Oil Drop.

Highlights of 2007

Community Participation

Winnipeg Goldeyes Professional Baseball

Summer — MARRC participates as a key partner with the Winnipeg Goldeyes professional baseball team. The partnership includes advertising in 104 games on radio with 60 second commercials featuring the used oil recycling jingle and a specific message regarding the EcoSummer promotion. MARRC also participates in 12 games at the entrance promenade with the fans, including an on field introduction of Mr. Oil Drop for "Race the Mascot" held at each game. Bookmarks and Fridge Magnets highlighting the 10 Licenced Depots in Winnipeg are handed out to the fans. (Attendance averages 6,000 per game).

In partnering with the Goldeyes 10,000 Baseballs are given away at 2 games (5,000 each).

Highlights of 2007

Premature Children's Hospital Picnic & Reunion

Sept. 30, 2007 Mr. Oil Drop, Police Mascot and Mr. Goodbear entertain the children.

Strategic Planning Session

Aug. 27-30 MARRC attends Combined Strategic Planning meeting of SARRC, AUOMA, BCUOMA and SOGHU Directors and Staff in Quebec City. The session focuses on addressing strategic issues and team building.

Bursaries awarded for a fifth year

Bursaries are awarded to 4 students ($500 each) qualifying in Environmental Studies at the University of Manitoba and the University of Winnipeg.

EcoCentre / Collection Depot network maturing at 75

MARRC's rural network of EcoCentres stands at 53 exceeding the minimum network objective established by the province's multi stakeholder Used Oil Management Committee in 1996. The network includes the northern locations of The Pas, Flin Flon and Thompson.

In addition there are 22 other facilities licensed by Manitoba Conservation for the collection of used lubricating products including 10 locations in Winnipeg.

Training and audits promote safety and compliance

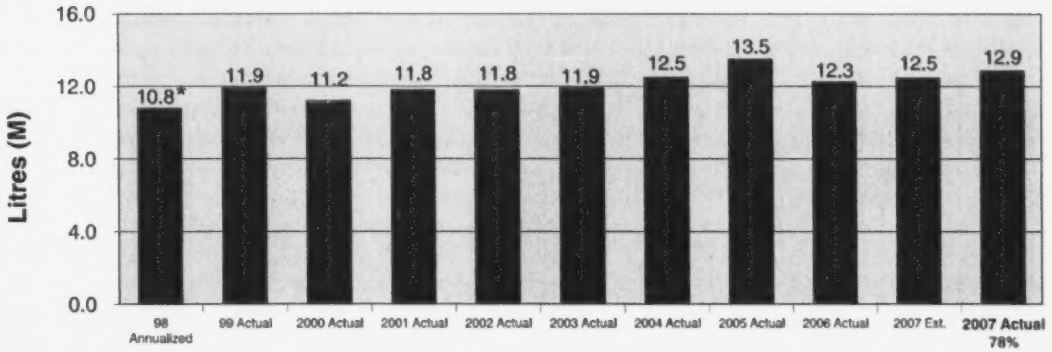
Ongoing MARRC, as part of its contractual arrangements with owners/operators of collection facilities, provides initial and recurrent on-site training for management and staff. The training, and follow-up audits are designed to promote a safe operation and compliance with each facility's operating licence issued by Manitoba Conservation. During 2007, inspections were conducted at the licenced EcoCentre and collection depot facilities.

Collection volumes for 2007 extending in all zones

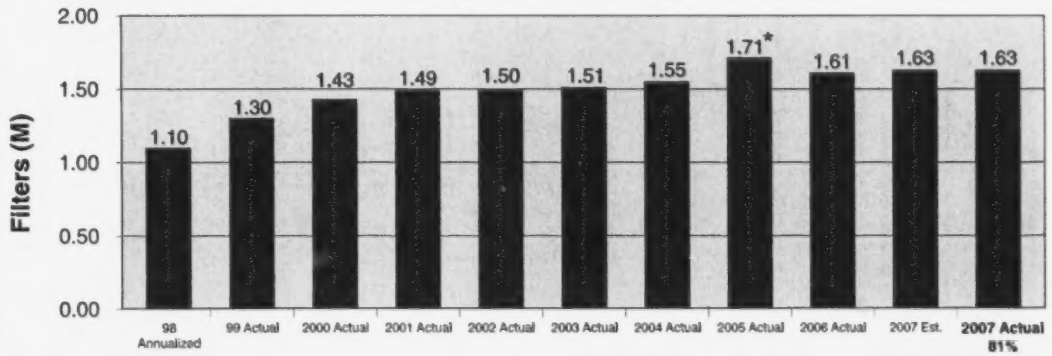
Used oil: 12.9 million litres (78% of total recoverable)
Used oil Filters: 1.63 million (81% of total recoverable)
Used oil Containers: 221,000 kilograms (26% of total recoverable +20% re-used*)
*Source: Pulse Research Ltd. Container Study 2004/2005

Collection Activity by Product

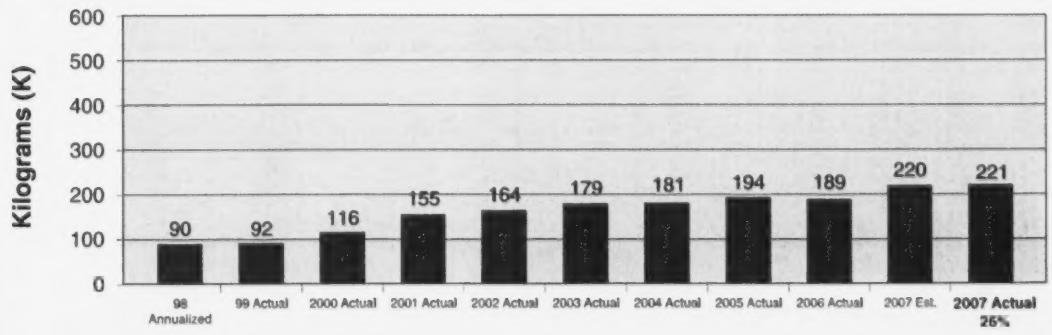
Oil (estimated total recoverable in 2007: 16.5 million litres)



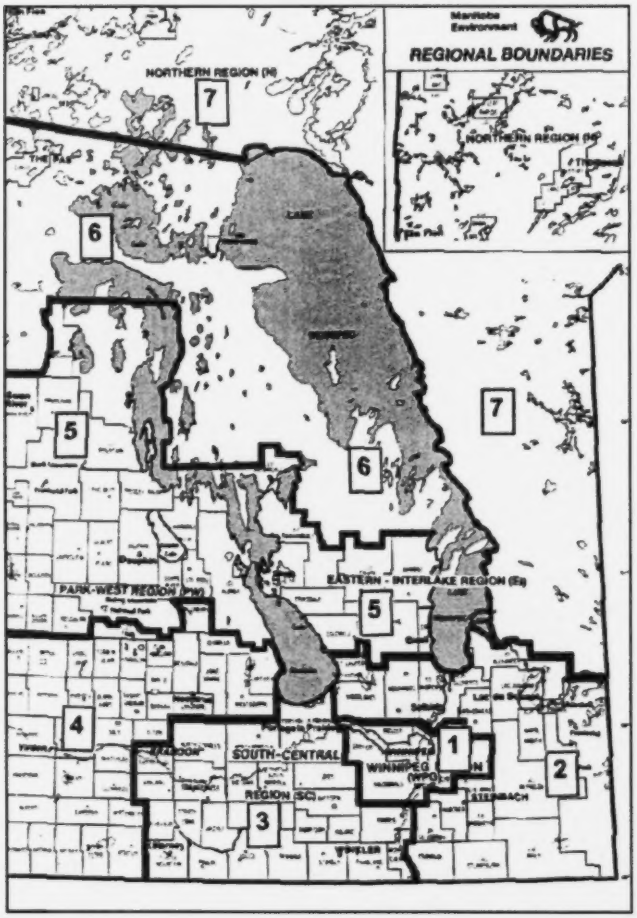
Filters (estimated total recoverable 2007: 2.02 million filters)



Containers under 30 litres capacity (estimated total recoverable in 2007: 857 thousand kilograms)



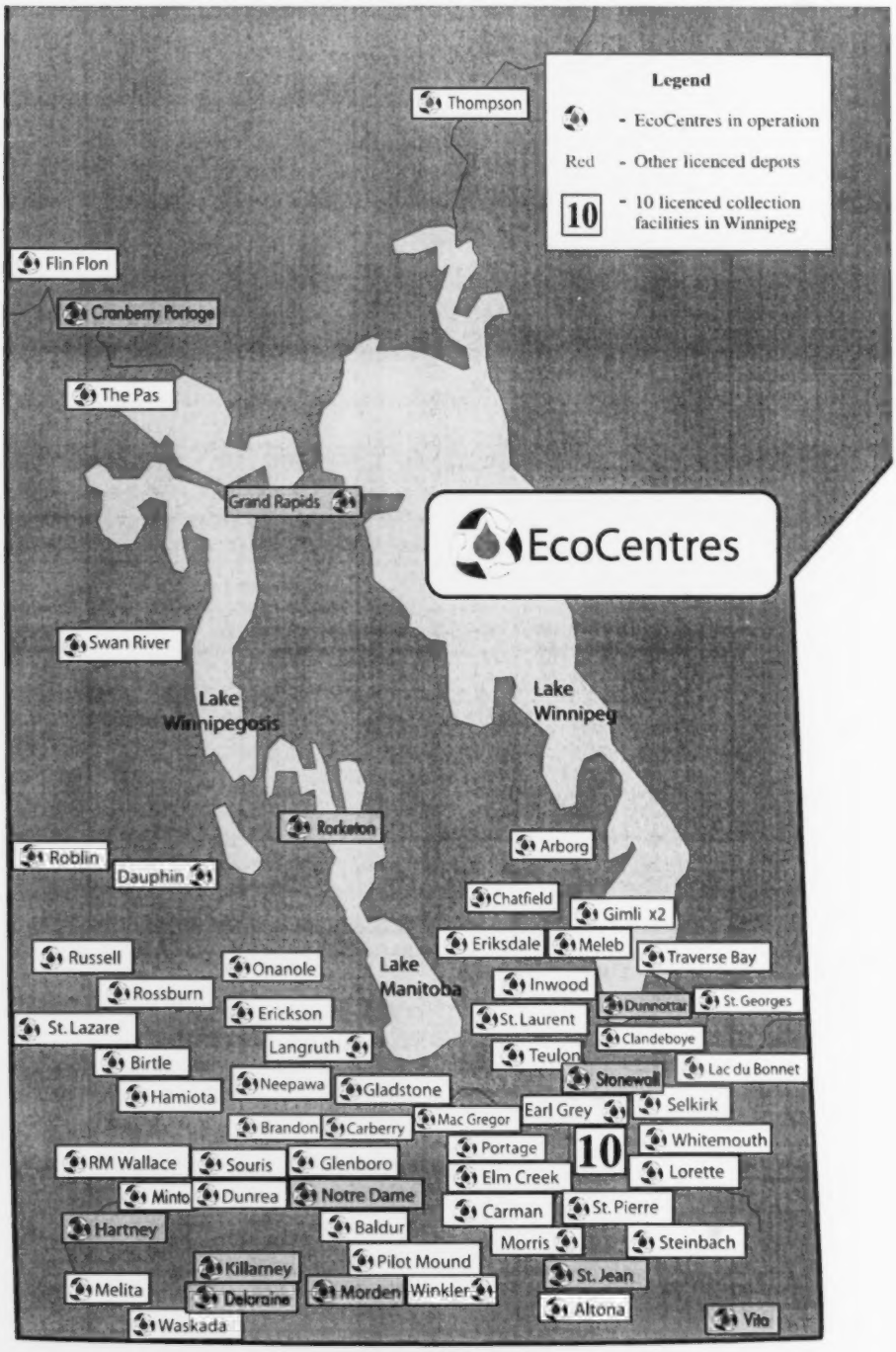
Collection Activity by Zone



Collection Percentages by Zone

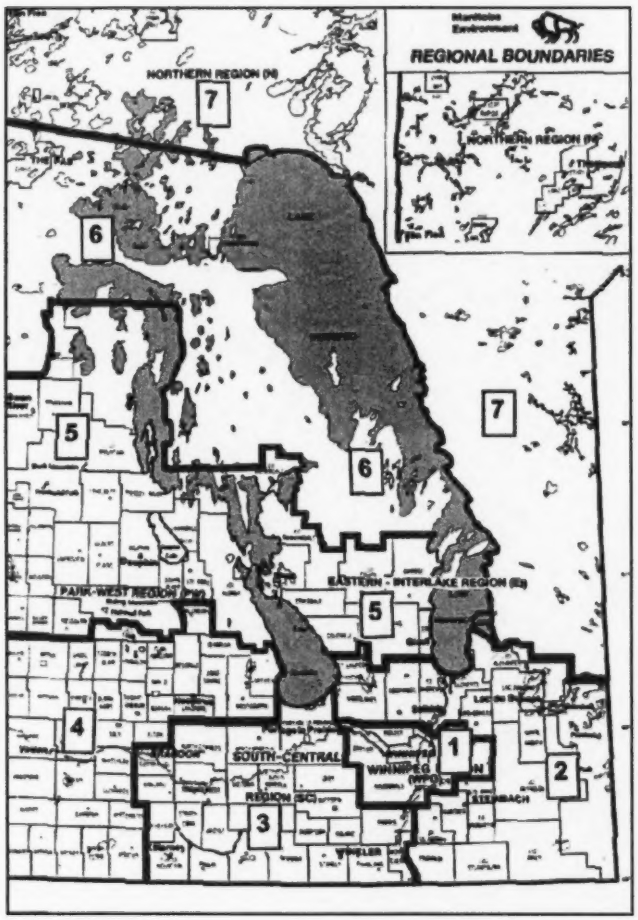
	Zone ►	1		2		3		4		5		6		7	
		'07	'06	'07	'06	'07	'06	'07	'06	'07	'06	'07	'06	'07	'06
%	Oil	62	64	8	8	15	13	4	4	5	5	1	1	5	5
	Filters	54	54	10	10	19	19	7	7	6	6	1	1	3	3
	Containers	38	38	12	13	18	18	9	9	13	12	2	1	8	9

EcoCentre Network at December 31, 2007



MARRC - Making every drop count

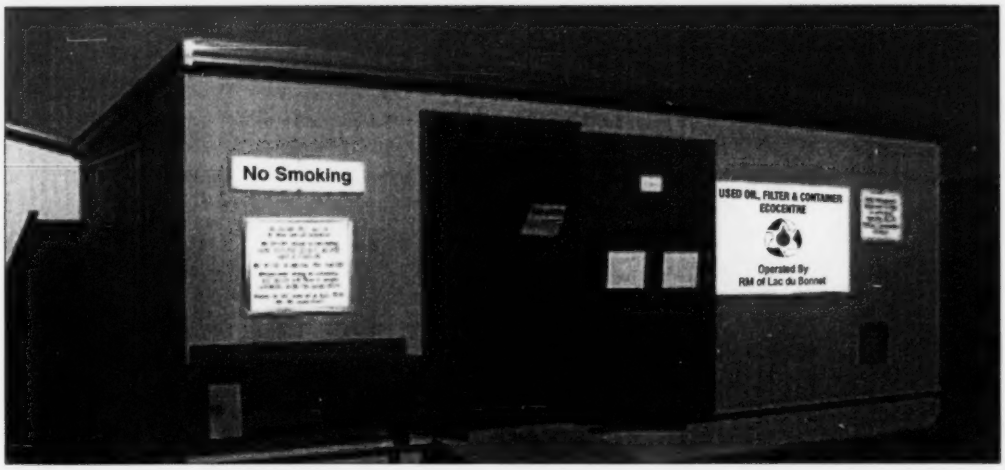
Collection Activity by Zone



Collection Percentages by Zone

	Zone ►	1		2		3		4		5		6		7	
		'07	'06	'07	'06	'07	'06	'07	'06	'07	'06	'07	'06	'07	'06
%	Oil	62	64	8	8	15	13	4	4	5	5	1	1	5	5
%	Filters	54	54	10	10	19	19	7	7	6	6	1	1	3	3
%	Containers	38	38	12	13	18	18	9	9	13	12	2	1	8	9

EcoCentre Network at December 31, 2007



EcoCentres

	Location	Owner/Operator
1	Steinbach	City of Steinbach
2	Carman	Town of Carman
3	Melita	S K L Enterprises Ltd.
4	Altona	Town of Altona / RM of Rhineland
5	Neepawa	Town of Neepawa
6	Selkirk	City of Selkirk
7	Russell	Town of Russell / RM of Russell / RM of Silver Creek
8	Glenboro	RM of South Cypress / Village of Glenboro
9	Minto	RM of Whitewater
10	Pilot Mound	Town of Pilot Mound
11	Baldur	RM of Argyle
12	Swan River	Town of Swan River
13	Hamiota	Town of Hamiota
14	Inwood	RM of Armstrong
15	Chatfield	RM of Armstrong
16	Meleb	RM of Armstrong
17	Virden	RM of Wallace
18	Arborg	Town of Arborg / RM of Bifrost / Village of Riverton
19	Gladstone	Town of Gladstone
20	Rossburn	Town of Rossburn / RM of Rossburn
21	Portage la Prairie	Portage & District Recycling Inc.
22	Teulon	Town of Teulon / RM of Rockwood
23	Brandon	City of Brandon
24	Earl Grey	RM of St. Andrews
25	Langruth	RM of Lakeview
26	Elm Creek	RM of Grey
27	The Pas	Town of The Pas

	Location	Owner/Operator
28	Winkler	City of Winkler
29	Morris	Town of Morris
30	St. Georges	RM of Alexander
31	Traverse Bay	RM of Alexander
32	Clandeboye	RM of St. Andrews
33	Dauphin	EcoOil Recycling Centre
34	Lac du Bonnet	RM of Lac du Bonnet
35	Waskada	RM of Brenda / Village of Waskada
36	Carberry	RM of North Cypress
37	Thompson	Thompson Recycling Centre
38	St. Laurent	RM of St. Laurent
39	Erickson	Town of Erickson / RM of Clanwilliam
40	Eriksdale	RM of Eriksdale
41	Flin Flon	City of Flin Flon
42	Dunrea	RM of Riverside
43	MacGregor	RM of North Norfolk / Village of MacGregor
44	Roblin	RM of Shell River / RM of Hillsburg
45	Onanole	RM of Park
46	Gimli	RM of Gimli
47	Arnes	RM of Gimli
48	Whitemouth	RM of Whitemouth / RM of Reynolds / North Whiteshell Provincial Park
49	St. Lazare	RM of Ellice / Village of St. Lazare
50	St. Pierre	RM of De Salaberry / Village of St. Pierre-Jolys
51	Lorette	RM of Taché
52	Souris	Town fo Souris / RM of Glenwood
53	Birtle	Town of Birtle / RM of Birtle

Other Licenced Collection Facilities

1	Winnipeg	A-1 Environmental Services 1447 Dugald Road
2	Winnipeg	Enviro West Inc. 1090 Kenaston Blvd.
3	Winnipeg	Miller Environmental Corporation 65 Trottier Bay
4	Winnipeg	WRS Waste & Recycling Services 940 Redonda
5	Winnipeg	Canadian Tire Garden City 2303 McPhillips
6	Winnipeg	Canadian Tire East Kildonan 1519 Regent Ave.
7	Winnipeg	Canadian Tire Polo Park 750 St. James
8	Winnipeg	Canadian Tire Fort Garry McGillvray & Kenaston
9	Winnipeg	Canadian Tire St. Boniface Fermor & Beaverhill
10	Winnipeg	Canadian Tire Unicity 3615 Portage Ave.
11	Stonewall	Southside Service

12	Notre Dame	Jean Farms Ltd.
13	Morden	Pembina Valley Containers Ltd. .
14	Hartney	Southwest Recycling
15	Grand Rapids	ET Developments Ltd.
16	Killarney	Town of Killarney
17	St. Jean	Miller Environmental Corporation
18	Dunnottar	Village of Dunnottar
19	Cranberry Portage	LUD of Cranberry Portage
20	Rorketon	RM of Lawrence
21	Vita	RM of Stuartburn
22	Deloraine	RM of Winchester

Manitoba Association for Resource Recovery Corp.

Financial Statements
December 31, 2007

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Chartered Accountants
One Lombard Place, Suite 2300
Winnipeg, Manitoba
Canada R3B 0X6
Telephone +1 (204) 926 2400
Facsimile +1 (204) 944 1020

March 19, 2008

Auditors' Report

To the Members of
Manitoba Association for Resource Recovery Corp.

We have audited the balance sheet of **Manitoba Association for Resource Recovery Corp.** ("the Corporation") as at December 31, 2007 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and the other member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

Manitoba Association for Resource Recovery Corp.

Balance Sheet

As at December 31, 2007

	2007 $	2006 $
Assets		
Current assets		
Cash and short-term investments	2,082,935	2,111,307
Environmental handling charges receivable	787,530	761,235
Accrued interest receivable	42,778	65,602
Other receivables	11,412	11,412
Prepaid expenses and deposits	905	905
	2,925,560	2,950,461
Restricted cash (note 3)	50,068	48,543
Capital assets		
Office furnishings, equipment and leaseholds	23,595	22,741
Less: Accumulated amortization	17,953	16,215
	5,642	6,526
	2,981,270	3,005,530
Liabilities and Net Assets		
Current liabilities		
Return and processing incentives payable	219,794	232,016
Accounts payable and accrued liabilities	213,341	296,831
	433,135	528,847
Net Assets		
Unrestricted	2,492,425	2,421,614
Restricted (note 3)	50,068	48,543
Invested in capital assets	5,642	6,526
	2,548,135	2,476,683
	2,981,270	3,005,530

Commitments (note 4)

Approved by the Board of Directors

Director Director

MARRC - Making every drop count

Manitoba Association for Resource Recovery Corp.

Statement of Changes in Net Assets

For the year ended December 31, 2007

				2007	2006
	Unrestricted $	**Restricted $**	**Invested in capital assets $**	**Total $**	**Total $**
Balance - Beginning of year	2,421,614	48,543	6,526	2,476,683	2,384,249
Excess (deficiency) of revenue over expenses	71,665	1,525	(1,738)	71,452	92,434
Purchase of capital assets	(854)	-	854	-	-
Balance - End of year	2,492,425	50,068	5,642	2,548,135	2,476,683

Manitoba Association for Resource Recovery Corp.

Statement of Operations

For the year ended December 31, 2007

	2007 $	2006 $
Revenue		
Environmental handling charges	3,258,388	3,214,902
Interest income	94,454	79,201
Membership fees	1,000	1,400
	3,353,842	3,295,503
Expenses		
Return and processing incentives	2,567,026	2,446,875
EcoCentre support costs (note 5)	257,289	278,084
Wages, contract and benefits	159,663	150,841
Public relations and promotion (note 6)	139,154	138,144
Office and administration	34,746	30,112
Professional fees	29,958	38,757
Compliance audits	28,180	30,091
Directors	17,126	11,960
Rent	15,006	14,688
Travel and automobile	13,859	10,530
Insurance	7,553	7,603
Telephone and fax	5,570	5,478
Meetings	2,754	34,341
Bursaries	2,000	3,000
Amortization	1,738	1,620
Bank charges and interest	768	945
	3,282,390	3,203,069
Excess of revenue over expenses	71,452	92,434

MARRC - Making every drop count

Manitoba Association for Resource Recovery Corp.

Statement of Cash Flows

For the year ended December 31, 2007

	2007 $	2006 $
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	71,452	92,434
Item not affecting cash		
Amortization	1,738	1,620
	73,190	94,054
Net change in non-cash working capital items	(99,183)	(76,815)
	(25,993)	17,239
Investing activities		
Restricted cash	(1,525)	(1,278)
Purchase of capital assets	(854)	(4,700)
	(2,379)	(5,978)
Increase (decrease) in cash	(28,372)	11,261
Cash and short-term investments - Beginning of year	2,111,307	2,100,046
Cash and short-term investments - End of year	2,082,935	2,111,307
Cash and short-term investments consists of		
Cash in bank	178,653	304,411
Guaranteed investment certificates	1,904,282	1,806,896
	2,082,935	2,111,307

1 Incorporation and purpose

The Corporation was formed by oil and oil filter first sellers in Manitoba to develop, implement and administer a used lubricating products stewardship program in the province and began operation on January 1, 1997. The Corporation was incorporated as a not-for-profit organization without share capital under The Corporations Act of Manitoba on April 1, 1997. On February 26, 1998, the Corporation received approval to operate its used lubricating products stewardship program from the Minister of Environment, Province of Manitoba.

As a non-profit organization, no provision for corporate income taxes has been made in these financial statements pursuant to paragraph 149(1)(l) of the Income Tax Act.

2 Significant accounting policies

Change in accounting policy

The summary of accounting policies used to prepare the financial statements is presented below. These accounting policies have been applied on a consistent basis, except for the adoption of the Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 3855 - *Financial Instruments - Recognition and Measurement* and CICA 3861 - *Financial Instruments - Disclosure and Presentation.* These standards for recognizing and measuring financial assets and financial liabilities including financial derivatives were effective January 1, 2007. The Corporation adopted the standards at the beginning of the year and in accordance with the transitional provisions, the prior period balances have not been restated. The effect of the adoption of the standards is disclosed below.

CICA 3855 Financial instruments - recognition and measurement

This pronouncement establishes standards for recognizing and measuring financial assets, financial liabilities, derivatives and non-financial derivatives. It requires that: a) all financial assets and liabilities be measured initially at fair value, b) all financial assets be subsequently measured at either amortized cost or fair value depending on the type of instrument and any optional designations made by the Corporation, c) all financial liabilities be subsequently measured at amortized cost or at fair value depending on the optional designations made by the Corporation and d) all derivative financial instruments are measured at fair value, even when they are part of a hedging relationship.

Under Section 3855, financial instruments must be classified as held for trading ("HFT"), held to maturity ("HTM"), available for sale ("AFS"), loans and receivables, or other financial liabilities. Changes in fair value for HFT financial instruments are recorded in the current year's operations. Changes in fair value of AFS financial assets are recorded directly to net assets until sold or impaired at which time the realized gain or loss would be recorded in the current year's operations. HTM, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method.

CICA 3861 Financial instruments - disclosure and presentation

This pronouncement replaces handbook section 3860. It establishes standards for presentation of financial instruments and non-financial derivatives and identifies the information that should be disclosed.

On adoption of the new standards, the Corporation designated its financial instruments as follows:

a. Held for trading ("HFT")

Short-term investments are designated as HFT. Investment income arising from these financial assets is recognized in operations in the year it is earned. Investments are recorded at fair value being the quoted market value on December 31, 2007, which approximates the last bid price.

As the fair value of these investments was equal to the carrying value as at January 1, 2007, no adjustment was required to the opening unrestricted net assets as at January 1, 2007.

b. Loans and receivables

Environmental handling charges receivable, accrued interest receivable and other receivables are designated as loans and receivables and are measured at amortized cost. Revenue arising from these items is recognized in operations in the year it arises.

c. Other financial liabilities

Return and processing incentives payable and accounts payable and accrued liabilities are designated as other financial liabilities, and are measured at amortized cost. Expenses arising from these items are recognized in operations in the year they arise.

The Corporation does not hold any AFS or HTM financial instruments or derivatives at December 31, 2007.

Significant accounting policies are as follows:

Short-term investments

Short-term investments consist of Guaranteed Investment Certificates ("GICs"). Purchases and sales of investments are recognized using trade date accounting. Transaction costs attributable to the investments are netted to investment income.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization of office furnishings, equipment and leaseholds is calculated on a straight-line basis at an annual rate of 20% based on the estimated useful lives of these assets.

Revenue recognition

- Environmental handling charges

  Revenue from environmental handling charges is recognized in the year for which suppliers and end-users assess it, as regulated by the Used Oil, Oil Filters and Containers Stewardship Regulation.

- Membership fees

  The one-time membership fees are recorded as revenue when the participating companies join the Corporation.

- Interest income

  Interest income is recognized when earned and is recorded as investment income in general operations if related to unrestricted funds, or in restricted operations if related to restricted funds.

Return and processing incentives

The return and processing incentives are recognized as an expense in the year to which the claim relates.

Credit risk

The Corporation is exposed to credit risk through its environmental handling charges receivable. The risk is minimized due to the large registrant base.

Interest rate risk

The Corporation's exposure to interest rate risk pertains to short-term investments, which are subject to future changes in interest rates.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

3 Restricted cash

As of December 31, 2007, the amount of monies placed in a lawyer's trust account as part of negotiations to settle the Corporation's potential interest in two EcoCentre buildings held as inventory by the building supplier and one operating EcoCentre is $50,068 (2006 - $48,543). It is uncertain whether any of the funds will need to be released from trust to settle any potential liability.

4 Commitments

Operating lease

The annual minimum rental for leased premises under a lease to February 28, 2013 is as follows:

	$
Fiscal year ending December 31, 2008	15,270
2009	15,489
2010	15,751
2011	15,795
2012	15,795
2013	2,633

General

The Corporation is obligated to use its unrestricted net assets, in future years, to fund the return and processing incentives, the operation of EcoCentres and to provide stakeholder communication and public education materials for the used lubricating products stewardship program.

EcoCentres

The Corporation has entered into three-year renewal agreements with 60 EcoCentres and licensed collection facilities that were established to provide no-cost drop-off centres for used oil materials.

As part of its contractual agreement with each EcoCentre owner-operator, the Corporation is committed to provide annual operating support until July 31, 2010. The operating support payment for the EcoCentres currently in operation is estimated to be as follows:

	$
Fiscal year ending December 31, 2008	228,000
2009	218,000
2010	203,000

5 EcoCentre support costs

	2007 $	2006 $
Operating support	245,054	257,127
Operational audits, training and supplies	12,235	17,957
Investment support	-	3,000
	257,289	278,084

6 Public relations and promotion

	2007 $	2006 $
EcoSummer	70,608	86,907
Colouring contest	44,874	31,267
Winnipeg Goldeyes Baseball Club Inc.	12,159	9,898
Website	7,139	3,492
Advertising and promotional material	3,339	6,580
Charitable donations	1,035	-
	139,154	138,144

7 Province of Manitoba approval

On December 21, 2007, the Corporation received approval to continue to operate its used oil products and material stewardship program from the Minister of Conservation, Province of Manitoba, until December 14, 2012.

8 Comparative amounts

Certain comparative amounts have been reclassified to conform to the current year's presentation.

Manitoba Association for Resource Recovery Corp.

Board of Directors and Staff

Back Row:
Lutz Ehrentraut, Keith Penner, Paul Miller, Ron Benson (Executive Director).

Front Row:
Aaron Strub (Administrative Services Manager), Richard Waller,
Keith Micklash (Secretary-Treasurer), Joe Casciano (Chairman).

Board of Directors

Joe Casciano, Canadian Tire Corporation, Limited
Chairman

Keith Micklash, Magnum Oil Mb. Ltd.
Secretary-Treasurer

Richard Waller, Imperial Oil
Director

Paul Miller, Shell Canada Products
Director

Keith Penner, Affinia Canada Corp.
Director

Lutz Ehrentraut, former Director Canadian Automobile Association (CAA)
Director

Legal Counsel

Fillmore Riley, Barristers & Solicitors

Auditors

PricewaterhouseCoopers LLP, Chartered Accountants

Staff

Ron Benson - Executive Director
Aaron Strub - Administrative Services Manager

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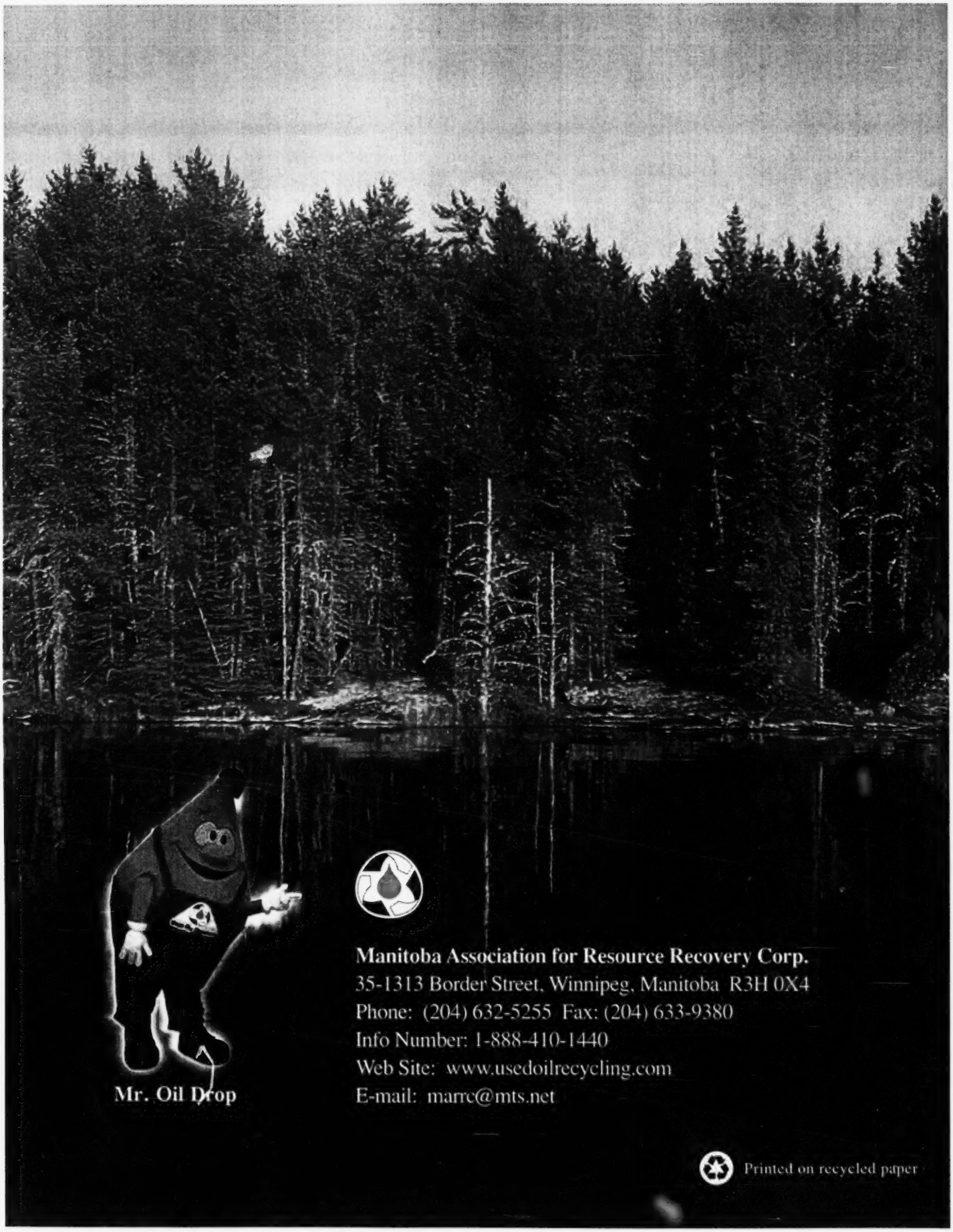

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